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ABSTRACT

A financial plan to help Rutgers, The State University of New Jersey achieve national stature is considered. Fundamental principles of the financial strategy include: as New Jersey's only comprehensive public research university, Rutgers is in a position to advance the development of New Jersey; the state should provide the university with the basic instructional and research support and facilities needed to compete for faculty, students, research projects, and private funds; fund raising should be supplemental to a basic level of state support; and the university should provide education opportunities for a diverse New Jersey citizenry. Recommendations for the state and for Rutgers are offered concerning: state and federal funds, tuition, business-university cooperation, private giving, real estate resources, and bonding. Specific recommendations include: the state should allocate a permanent \$20 million addition to the operating base of Rutgers; the university should develop a detailed inventory of resources, needs, and advantages for increased business cooperation; and the university should expand its fund raising staff and programs. A list of members of the Committee on Future Financing of Rutgers University is included. (SW)

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New Partnerships for New Jersey

A Financial Strategy for Academic Distinction

Report of The Committee
on Future Financing
of Rutgers
The State University
of New Jersey

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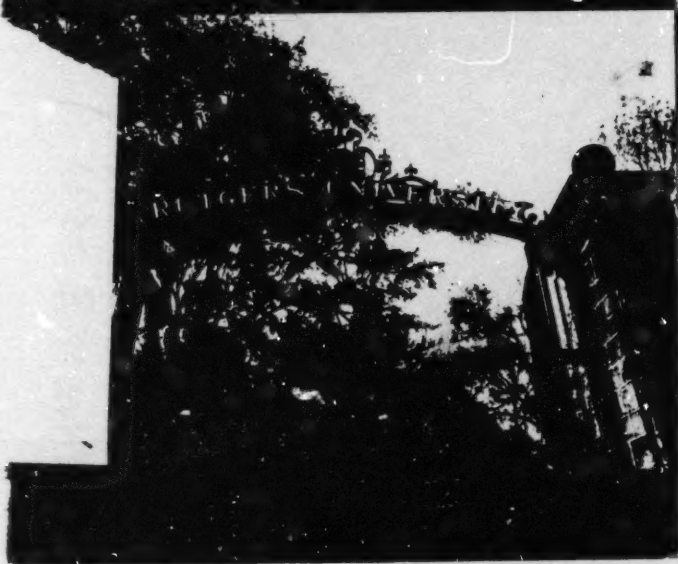
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Chairman's Letter



In November, 1983, President Edward J. Bloustein of Rutgers, The State University of New Jersey, on behalf of the University's Boards of Governors and Trustees, asked 39 distinguished citizens to form a committee to study the future financing of the University. The members represented nearly all of the University's diverse publics, including representatives from the agricultural, business, education, finance, government, labor, legal, and public interest communities.

Our mission was specific. The administration and governing boards of the University had concluded that the financial resources available to Rutgers under current State and University policies and practices were significantly below the level necessary to enable Rutgers to achieve greater eminence and to contribute to New Jersey's well being in the tradition of this nation's great land grant universities. The Committee on Future Financing was challenged to research and formulate a new financial strategy to generate the resources needed to propel Rutgers to the forefront of state universities and to serve New Jerseyans as one of the nation's premier public research universities.

The Committee has fulfilled that mission. Two basic themes characterize our findings. Rutgers is poised on the threshold of a new level of national distinction. Capturing this opportunity to develop Rutgers as one of this country's leading state universities is critical to New Jersey's future economic, cultural, and social prosperity. To accomplish these mutually reinforcing goals of distinction for Rutgers and prosperity for New Jersey, a broad-based partnership between New Jersey, its people, and its State University is necessary. This report details the policies and initiatives we believe fundamental to forging this partnership.

Special thanks are extended to all committee members and especially to the heads of the three major working groups:

PUBLIC FUNDS: Bruce Coe, President of the New Jersey Business and Industry Association, and Joan Crowley, former President of the League of Women Voters of New Jersey.

PRIVATE FUNDS: George L. Ball, President and Chief Executive Officer of Prudential-Bache Securities, and Jon Hanson, Chairman of the New Jersey Sports and Exposition Authority and of Hampshire Management Corporation.

TUITION/FINANCIAL AID: Octavius Reid, Deputy Executive Director for the New Jersey School Boards Association, and Thomas Stanton, Chairman of First Jersey National Bank.

The Committee worked throughout much of 1984 to develop an aggressive strategy that would enable Rutgers to obtain new funds as well as increase funding from traditional sources. An advisory group of Rutgers faculty and students offered valuable counsel throughout the Committee's deliberations as did those students who participated in an open forum on the place of tuition in a financing plan.

It is our hope that the strategy outlined in this report will serve as both an impetus and a framework for creating a partnership of public and private support for Rutgers — a partnership for accomplishment through greater excellence in New Jersey's State University.

A handwritten signature in dark ink, reading "H. W. Sonn".

Harold W. Sonn
Chairman, Committee on Future Financing of
Rutgers, The State University of New Jersey

Executive Summary

Introduction

New Jersey as a state is creating a future of excellence and distinction. It has established itself as a leader in the science and technology needed to support the nation's transformation into a high technology and information economy. The State has begun to focus clearly on its vision of the future for its people and their institutions.

Central to this vision is a comprehensive state university that ranks with the finest, committed equally to a mission of both academic excellence and service to the community — commitments that characterize the most distinguished universities of our country. Rutgers, The State University of New Jersey, stands ready to form a new partnership to help New Jersey realize its aspirations. But, to ensure success, New Jersey must unite in helping Rutgers achieve its potential and aspirations.

The pursuit of excellence by New Jersey and Rutgers are one. A prosperous state and a public research university of the first rank are mutually reinforcing.

The Committee on Future Financing believes that this mission is essential, vital, and achievable. And, it can be fulfilled now by:

- Developing and implementing an innovative and aggressive financing plan to enable Rutgers to achieve its destiny of greater national stature.
- Forging a partnership between the University (its governing boards, faculty, students, alumni, and staff) and New Jersey and its people, united in a mutual commitment to bring New Jersey's State University to even greater national eminence and service.

A Financial Strategy

In considering a financial strategy the Committee developed several principles basic to its deliberations. These fundamental principles include the following:

- As New Jersey's only comprehensive public research university, Rutgers is in a unique and critical position to assist in ensuring New Jersey's future well-being. A partnership between New Jersey and Rutgers will advance the development of both New Jersey and its State University.
- The State should provide Rutgers with the basic instructional and research support and facilities needed to compete for faculty, students, research projects, and private funds.

- Rutgers' quest for funds from other sources should be recognized as being supplemental to a continuing basic level of State support comparable to that provided to the most distinguished state universities.
- Rutgers has a commitment to provide higher education opportunities for a diverse New Jersey citizenry. While working to accomplish portions of its mission, its future plans must continue to assure the preservation of an academic balance between undergraduate and graduate teaching, research, and public service that is essential to a major university.

A wide-ranging foundation of programs is required to meet basic State needs; but, continued efforts are needed to enhance those special areas where increased resource allocations can be expected to result in centers of excellence particularly appropriate to New Jersey.

The conclusion is clear that Rutgers will require multiple funding sources, both public and private, both internal and external, to achieve its goals.

State Funds

That New Jersey is coming to recognize the value of investing in higher education is seen in the work of the Governor's Commission on Science and Technology. But additional State funds are essential to equip Rutgers with a competitive infrastructure and to provide a higher base level of operating funds if the University is to generate greater revenues from other sources. New Jersey's investment in its State University would provide the necessary catalyst for other sources of funds. It is an investment with dividends for the future well-being of both Rutgers and the State.

New Jersey ranks 44th among the states in percent of tax revenues allocated to public higher education. As a result, State appropriations per full-time equivalent student at Rutgers are below the national average for first-ranked public research universities; and, Rutgers' research space is less than one-half that available at leading state research universities.

To advance Rutgers in these rankings, additional operating and capital funds are needed so that the University can bring disciplines of established excellence to the front ranks nationally, reinforce areas of dramatic recent improvement, and begin to respond to unmet State imperatives.

Ranking of Public Universities by Number of Programs with High Faculty Quality Ratings

Percentile	
99	Berkeley (32) UCLA (30) Illinois, Mich. Wisc (28)
90	Texas (27) U Wash (24) Minnesota (21) UNC (20) Indiana (18)
80	Rutgers (14) Purdue, UC-Irvine, Ohio St (13) Virginia (12)
70	CUNY, Iowa (11) Colo. Pitt, Mass (10) Maryland, MSU, UC-Davis (9)
60	Penn St, SUNY-SB (8) Florida, Oregon (7) SUNY-Buff, Arizona (6)

While there are competing and worthy demands being made on limited State resources, Rutgers can help to address many of these problems. The well-being of Rutgers is intricately associated with the well-being of the people of the State.

Recommendations

• State Government should:

- Immediately increase support for Rutgers by appropriating a permanent \$20 million addition to its operating base as a first step toward moving the University to greater excellence.
- Provide Rutgers with the instructional and research facilities it needs to accomplish its basic missions. The University's Five Year Capital Plan includes approximately \$42 million in urgently needed facilities for which State funding is required in the first phase.

The dividends of this State investment would include strengthening present linkages between New Jersey and Rutgers to address critical State problems in areas such as agriculture, the environment, unemployment, transportation, public health, and urban development.

Federal Funds

The federal government is the largest single source of student assistance at Rutgers. These funds provide a key mechanism for assuring broad student access.

Federal research and training grants are also critical to Rutgers' and the nation's research agenda. Since there is a direct correlation between a university's distinction and its success in obtaining grants, an investment by New Jersey in Rutgers would yield increased federal grants.

Recommendations

- The State's Congressional delegation should continue to support federal student assistance programs and should press for increased federal funds for university research, facilities, and equipment.
- New Jersey should provide Rutgers with the additional operating and capital funds so that it can compete for a larger share of the federal research budget.

Tuition

If Rutgers is to achieve a new level of distinction, students should join in the partnership to help fund the enhancements of those programs that will benefit them most directly.

While this will require an increase in tuition, such an increase will only be undertaken on the understanding that, regardless of their economic circumstances, qualified students must continue to have access to New Jersey's State University. Therefore, the State, the federal government, and the University must provide financial assistance to those who require it to offset rises in tuition.

But increased tuition revenues must be an addition to, not a substitute for, higher State appropriations. A base of greater State support is a necessary first step if increased tuition is to provide an added margin of excellence.

Recommendations

• Rutgers should:

- Adopt tuition and financial aid policies designed to generate additional tuition revenues while maintaining the present diversity of its students.
- Publicize further the availability of student financial aid and program enhancements financed through increased tuition revenues.

Executive Summary

Business-University Cooperation

Rutgers is in the beginning stages of what must become a multi-dimensional alliance with business — an alliance vital to the expansion of the State's economy and well-being.

The commitment of State government is the critical element in Rutgers' ability to realize its potential with business and industry in the State. Rutgers, in turn, must continue to maintain its academic integrity and independence, while aggressively marketing its resources and facilities.

Recommendations

- The State should contribute to the resources needed by Rutgers to advance cooperative efforts with industry. The Governor's Commission on Science and Technology has identified critical areas for cooperation — ceramics; food technology; biotechnology and biomedicine; hazardous wastes and toxic substance management; and telematics. The Commission's report has specified means of promoting joint ventures applicable to these and other essential fields such as agricultural biotechnology. Implementation of these recommendations has begun and should be continued.

Rutgers should:

- Develop a detailed inventory of resources, needs, and advantages for increased business cooperation.
- Expand its business liaison office and increase collaborative efforts with New Jersey's leading businesses and industries.
- Establish criteria to evaluate the success of business-university collaborative efforts and to ensure compatible institutional policies.
- Develop a strategic plan identifying the desired mix of funds from research grants and from other sources for the remainder of the century.
- Expand its public information program to communicate the importance of business-university cooperative efforts and how they benefit New Jerseyans.

Private Giving

Private contributions and gifts are a vital source of funds for public universities. Private contributions to Rutgers in fiscal 1984 exceeded \$11 million, an all-time high. Rutgers must aggressively work to build upon this base of support.

Rutgers is about to embark on a major capital campaign. It must integrate and utilize all of its resources to assure the success of this and future campaigns. In cooperation with Rutgers, the State government should encourage the support and involvement of business and, in fact, all New Jerseyans in the campaign.

Recommendations

Rutgers should:

- Expand its fund raising staff and programs.
- Consider new fund raising strategies such as a combination of donations and equity participation.
- The State leadership should support the capital campaign and actively recruit volunteers to help. A communications and involvement plan should be developed to promote support for higher education from alumni, citizens, and business through participation in campaigns for Rutgers, New Jersey's State University.

Real Estate Resources

Rutgers' real estate portfolio is a potential revenue generating asset. It is sound financial policy to generate revenues from real estate not needed for present or foreseeable educational needs; but, there is a corresponding need to determine carefully future educational needs and to evaluate alternative uses of all real estate. Rutgers must pursue a reasoned, prudent policy in determining how this asset is used to support its educational purposes.

Recommendations

Rutgers should:

- Review all real estate holdings to determine which properties are needed for educational use for the next 50 years and which might be developed to generate revenue. Carefully consider all real estate acquisitions.
- Establish a Real Estate Advisory Committee to provide advice on all real estate development proposals and opportunities. Members of the Committee would not conduct business with the University or establish a business relationship with it within three years of serving on the Committee.
- Consider becoming an equity partner in appropriate projects.
- Encourage unrestricted bequests of real property.
- Evaluate appropriate development projects as a means of obtaining facilities or services in lieu of cash payments from real estate developers.

Bonding

Rutgers has used its bonding authority almost exclusively to support revenue generating facilities such as dormitories and student centers. This bonding capacity is an important resource which can be used to finance academic facilities as long as steps are taken to assure adequate revenue for debt service and operating expenses from the State and other sources.

Recommendations

• Rutgers should:

- Prudently use its bonding capacity for the construction of academic facilities.
- Consider innovative techniques in financing academic, research, and student facilities.

- The State should provide operating support for academic and research facilities financed through University bond issues.

Boldly and imaginatively implemented, and periodically evaluated, this financing strategy promises great dividends to both Rutgers and New Jersey.

Use of New State Operating Funds

• Strengthening research leadership in faculty	\$3,200,000
• Increasing research opportunities for junior faculty	\$3,300,000
• Improving student fellowships	\$1,500,000
• Raising faculty support services to the level of peer institutions	\$3,300,000
• Improving instructional and research equipment	\$4,000,000
• Enhancing library support and computer capabilities for instruction and research ..	\$2,700,000
• Renovating and maintaining existing academic facilities	\$3,000,000
Total	\$20,000,000

Members of the Committee on Future Financing of Rutgers, The State University of New Jersey

Phillip Alampi	Former New Jersey Secretary of Agriculture	Scott McVay	Executive Director, Geraldine R. Dodge Foundation
Clara Allen	Administrative Assistant to Vice President, Communications Workers of America District 1; former Director, New Jersey State Division on Women	William Morris	Partner, Rogers & Wells; Former General Counsel to the Committee on Finance, United States Senate
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Gerald C. Harvey	Counsel, Nissho Iwai American Corporation; President, Rutgers Alumni Federation	James R. Zazzali	Partner, Zazzali, Zazzali & Kroll; Former New Jersey Attorney General
Howard Kaye	Former Chairman, New Jersey Educational Facilities Authority		
George F. Kugler, Jr.	Member, Archer & Greiner, P.C.; Former New Jersey Attorney General		
Irwin Lerner	President and Chief Executive Officer, Hoffmann-La Roche Inc.		
Anne C. Martindell	Former United States Ambassador to New Zealand; Former New Jersey State Senator		
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